

Message Text

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E.O. 11652: N/A

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SUBJ: GOVERNMENT EMPLOYEES AGREE ON CONTRACT

REF: (A) STOCKHOLM 1005, (B) STOCKHOLM 2434

1. NEGOTIATORS FOR STATE EMPLOYEES AND THE GOS ASSURED THEMSELVES A PLEASANT HOLIDAY BY STRIKING A BARGAIN FOYLHALF A MILLION CENTRAL GOVERNMENT WORKERS ON JUNE 22, JUST PRIOR TO THE MIDSUMMER START OF THE VACATION SEASON. THE AGREEMENT PACKAGE AMOUNTS TO A TOTAL OF 5.6 PERCENT OVER THE TWENTY-ONE MONTH LIFE OF THE CONTRACT. IT IS SLIGHTLY LARGER THAN THE PRIVATE SECTOR SETTLEMENT (EXCLUDING WAGE DRIFT), REACHED IN MARCH (REFTEL A), BUT A BIT LOWER THAN THE AGREEMENT NEGOTIATED BY LOCAL GOVERNMENT EMPLOYEES AT THE END OF MAY, WHICH PROVIDED FOR A 6.4 PERCENT WAGE INCREASE.

2. THE SLIGHTLY HIGHER PUBLIC SECTOR SETTLEMENTS ARE DESIGNED TO BEGIN TO NARROW THE GAP BETWEEN PRIVATE SECTOR AND PUBLIC SECTOR WAGES CAUSED BY H GHER THAN EXPECTED WAGE DRIFT DURING THE YEARS OF ECONOMIC BOOM. AMONG OTHER PROVISIONS THE AGREE-
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MENT CONTAINS THE USUAL "LOW WAGE ADDITION" DESIGNED TO FURTHER COMPRESS WAGE DIFFERENTIALS BETWEEN THE HIGHER AND LOWER PAID EMPLOYEES AND A SHIFT FROM A "HIGH 5" TO A "HIGH 1" SYSTEM FOR CALCULATING PENSIONS. ON THE UNION SIDE THE NEGOTIATORS WERE SF (AFFILIATED WITH LO AND REPRESENTING BLUE COLLAR WORKERS) TCO-S (WHITE COLLAR WORKERS) AND SACO/SR (REPRESENTING PROFESSIONALS INCLUDING SUCH DISPARATE GROUPS AS REGIMENTAL

OFFICERS IN THE DEFENSE ESTABLISHMENT AND THE PRIESTS IN THE STATE CHURCH).

COMMENT: THIS SETTLEMENT COMPLETES THE NATIONAL BARGAIN ON WAGES FOR THE SWEDISH ECONOMY FOR THE NEXT YEAR AND A HALF. IN ESSENCE THE WORKERS HAVE ACCEPTED A SETTLEMENT WHICH IS VERY LIKELY TO RESULT IN A DECLINE IN REAL INCOME FOR THE AVERAGE SWED, BUT AT THE SAME TIME IS DESIGNED TO INCREASE SWEDEN'S INTERNATIONAL COMPETITIVENESS AND BRING SWEDISH WAGE COSTS BACK INTO LINE WITH THOSE OF ITS MAJOR TRADING PARTNERS. MANAGEMENT AND GOVERNMENT ARE DOING THEIR PART WITH A REDUCTION IN THE RATE OF INFLATION SINCE THE MARCH PRIVATE SECTOR SETTLEMENT, WHICH MAKES IT ALMOST CERTAIN THAT THE 7.25 PERCENT TEN MONTH INFLATION REOPENER IN THE PRIVATE SECTOR CONTRACT WILL NOT BE TRIGGERED.

TO A FIRST TIME OBSERVER ALL OF THIS HAS BEEN ACCOMPLISHED WITH AS REMARKABLE LACK OF ACRIMONY, A CO-OPERATIVE SPIRIT AND A COLLECTIVIST COMMITMENT TOWARDS A UNIVERSALLY AGREED UPON COMMON GOOD, WHICH IS DIFFICULT FOR AN AMERICAN TO COMPREHEND. AKENNEDY-MINOTT

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